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8 October 1968

Mr. J. Patrick Coyne
President's Foreign Intelligence
Advisory Board
Executive Office Building
Washington, D. C.

Dear Pat:

I am enclosing herewith two copies of the Central
Intelligence Agency's Annual Report to the President's Foreign
Intelligence Advisory Board.

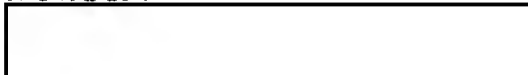
Sincerely,

(Signature)

Thomas A. Parrott

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Enclosure



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O/DCI/NIPE:TAP:dm

Distribution:

- #1 w/cys #1 and #2 of att. - Addressee
- #2 w/cys #3 - DCF W.C.
- #3 w/cys #4 - ER via DDCI and ExDir
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30 September 1968

CENTRAL INTELLIGENCE AGENCY

Annual Report to the

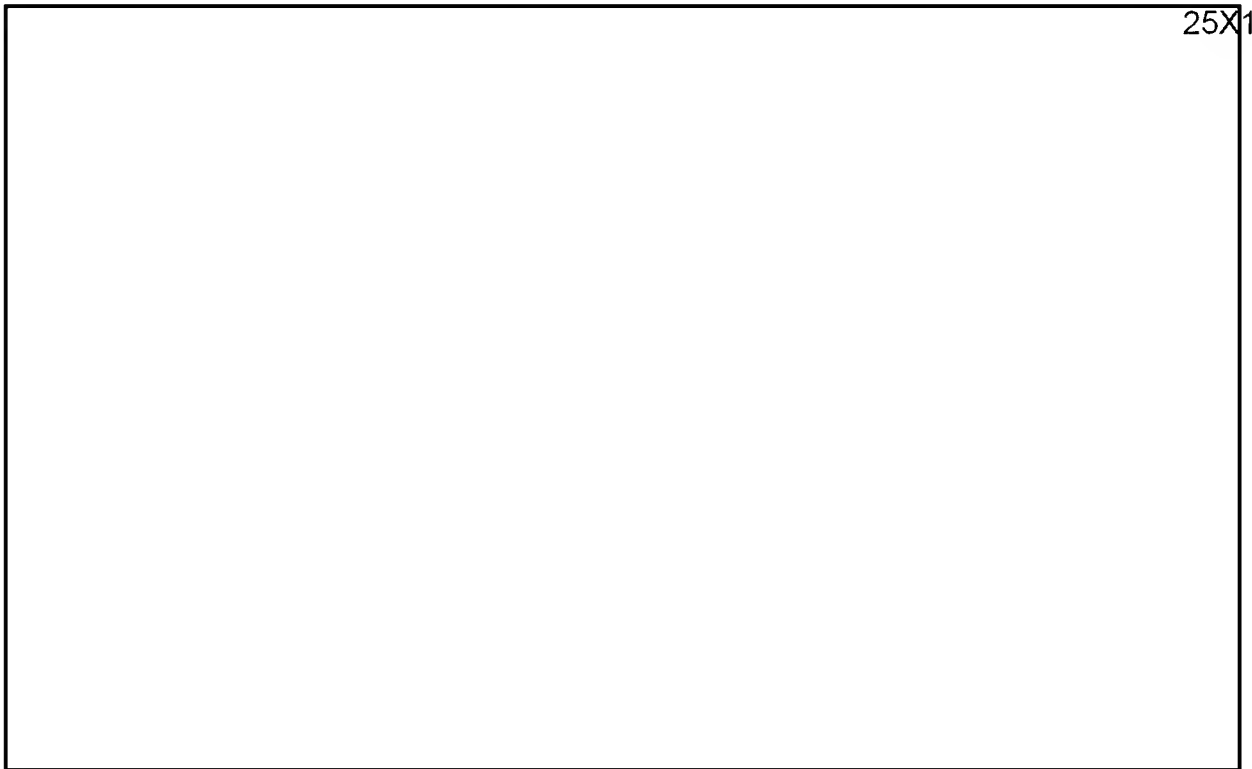
President's Foreign Intelligence Advisory Board

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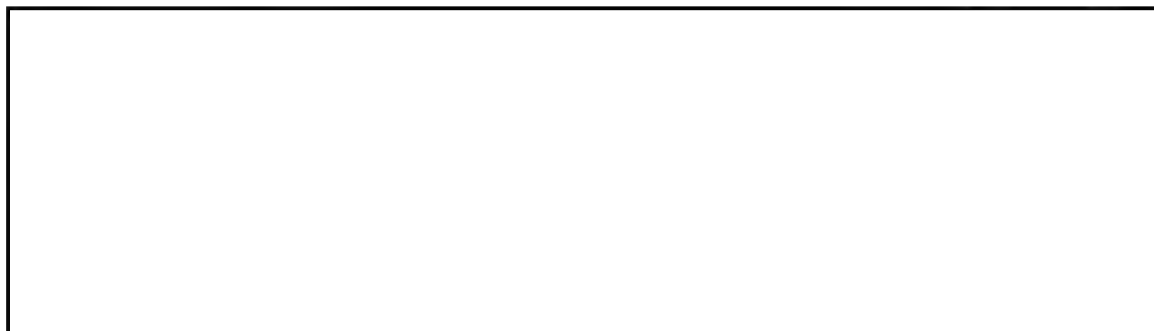
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I. Research and Development 117

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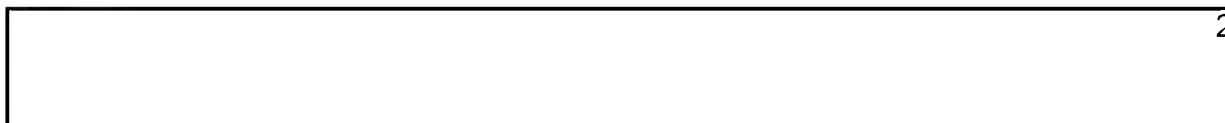
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A. ORGANIZATIONAL ARRANGEMENTS

The attached organization charts show:

1. Central Intelligence Agency: Organization and Functions (to Deputy Director level)
2. Office of the Director
3. Directorate for Plans
4. Directorate for Intelligence
5. Directorate for Science and Technology
6. Directorate for Support

There have been no substantive organizational changes during the past year.

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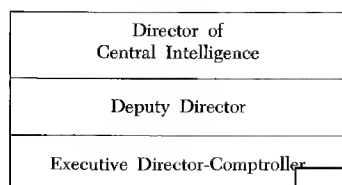
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Central Intelligence Agency
ORGANIZATION & FUNCTIONS

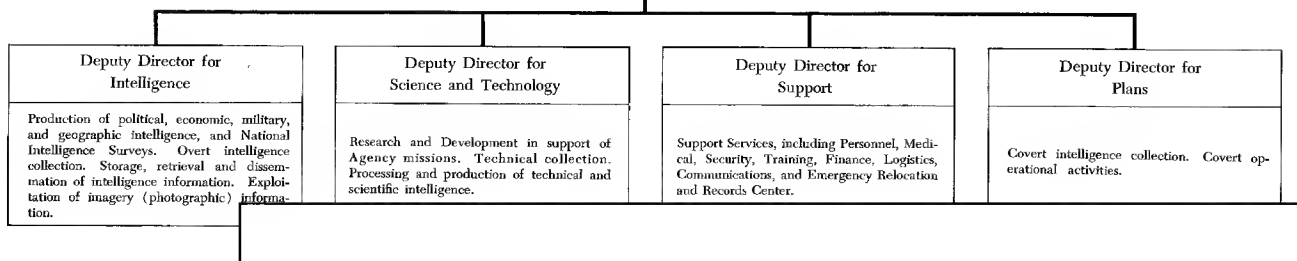
MANPOWER AUTHORIZATION—1968

TOTAL
BY DIRECTORATE: (in parentheses)

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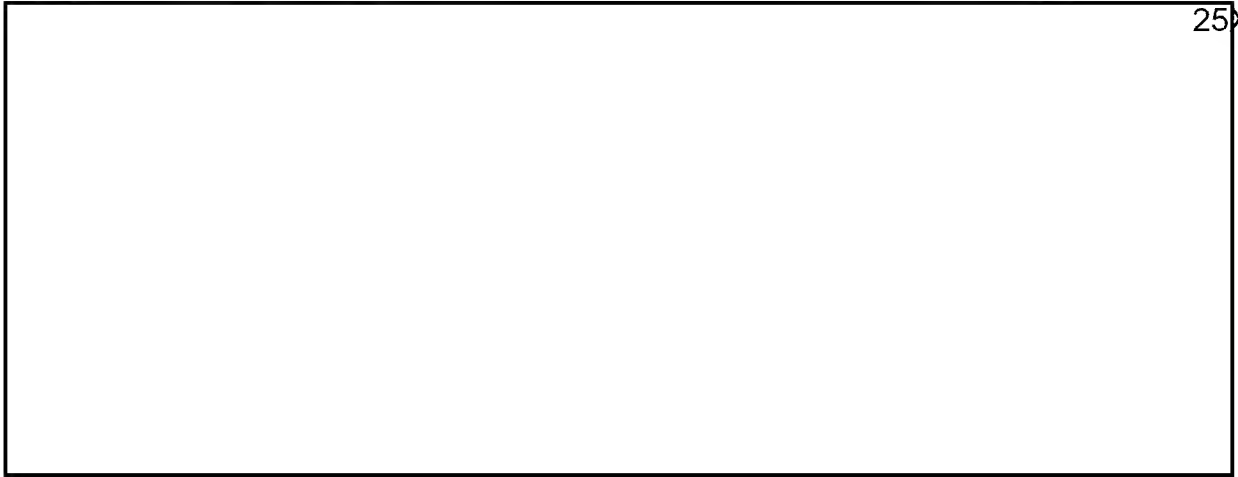
C. TRAINING

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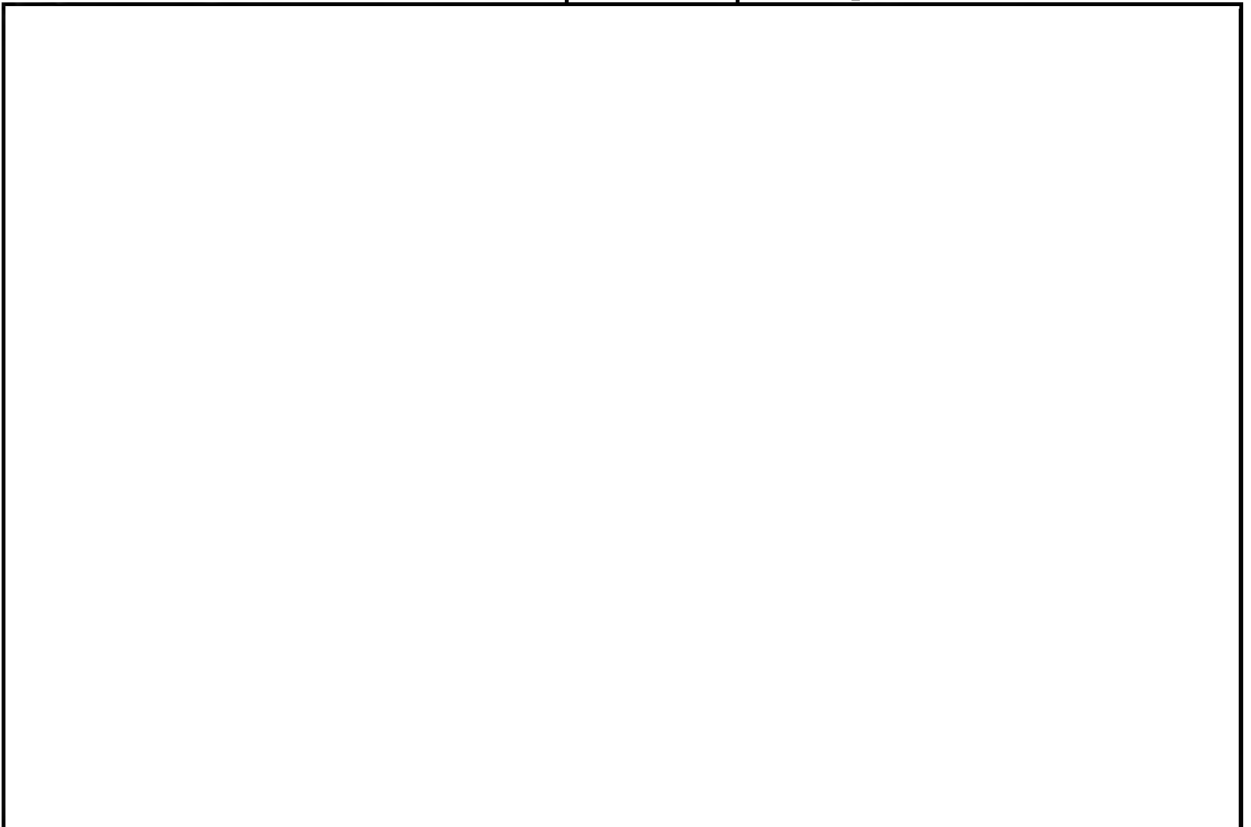
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The amount of training in foreign languages reached a plateau this year. A second annual survey of the Agency's requirements for foreign languages was begun. The program to validate language proficiencies through testing was expanded. Our "bank" of language skills now includes tested proficiencies.

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D. INTELLIGENCE COLLECTION REQUIREMENTS

As will be recalled from last year's report, the Agency's intelligence collection requirements process was studied intensively and an Information Requirements Advisory Group was established to develop common standards, procedures, and action among Agency components.

During the past year the Advisory Group developed criteria and procedures designed to standardize the review, validation, and processing of all human source requirements and evaluations. After a three-month trial period, these standards and procedures were officially approved in April for common use by all Agency components. By the end of the fiscal year there was a notable improvement in the quality of our requirements and evaluations, but it is still too early to judge effects in terms of significant reductions in reporting of information of marginal value.

The principle of "validation at an appropriate level" also has been applied to the requirements and evaluation process within the SIGINT and imagery reconnaissance systems. During the year, for example, as the Information Requirements Staff reviewed the proposed tasking requirements for the Agency's covert intercept program in terms of the degree to which such taskings related to our priority intelligence information needs, these judgments were

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validated at the Directorate level. Also, new guidelines were developed for the processing of imagery exploitation requirements; included were provisions for validation of all such requirements at an appropriate supervisory level.

The Information Requirements Staff now serves as the central requirements and evaluations facility for the intelligence producing components of both the Intelligence Directorate and the Science and Technology Directorate. This mechanism has enabled us to support collection planning and programming by providing coordinated Agency positions on the need for and value of information from various collection systems.

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E. INTELLIGENCE COLLECTION ACTIVITIES

10. Foreign Broadcast Monitoring
and Publications Exploitation

a. Radio and Press Monitoring

The Foreign Broadcast Information Service (FBIS) expanded and improved coverage of Communist China, Vietnam, North Korea, Southeast Asia, the Middle East, the USSR, and Eastern Europe. The consolidation of broadcast and publications monitoring, instituted on 1 March 1967, was largely responsible for this improvement. Increased press monitoring in field bureaus resulted in more timely distribution of significant press information and facilitated the consolidation of broadcast and press monitoring publications.

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Coverage of all audible North Korean transmitters was undertaken in late January following the seizure of the USS Pueblo and the accompanying sharp increase in tension in Korea.

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Rapid and complete coverage of significant developments in the USSR and Eastern Europe, in particular the Soviet-Czechoslovak confrontation toward the end of FY 1968, was greatly facilitated by the new Press Monitoring Unit [REDACTED]

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[REDACTED] Soviet press monitoring, formerly

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b. Publications and Services

In FY 1968 FBIS consolidated and reorganized

its publications.

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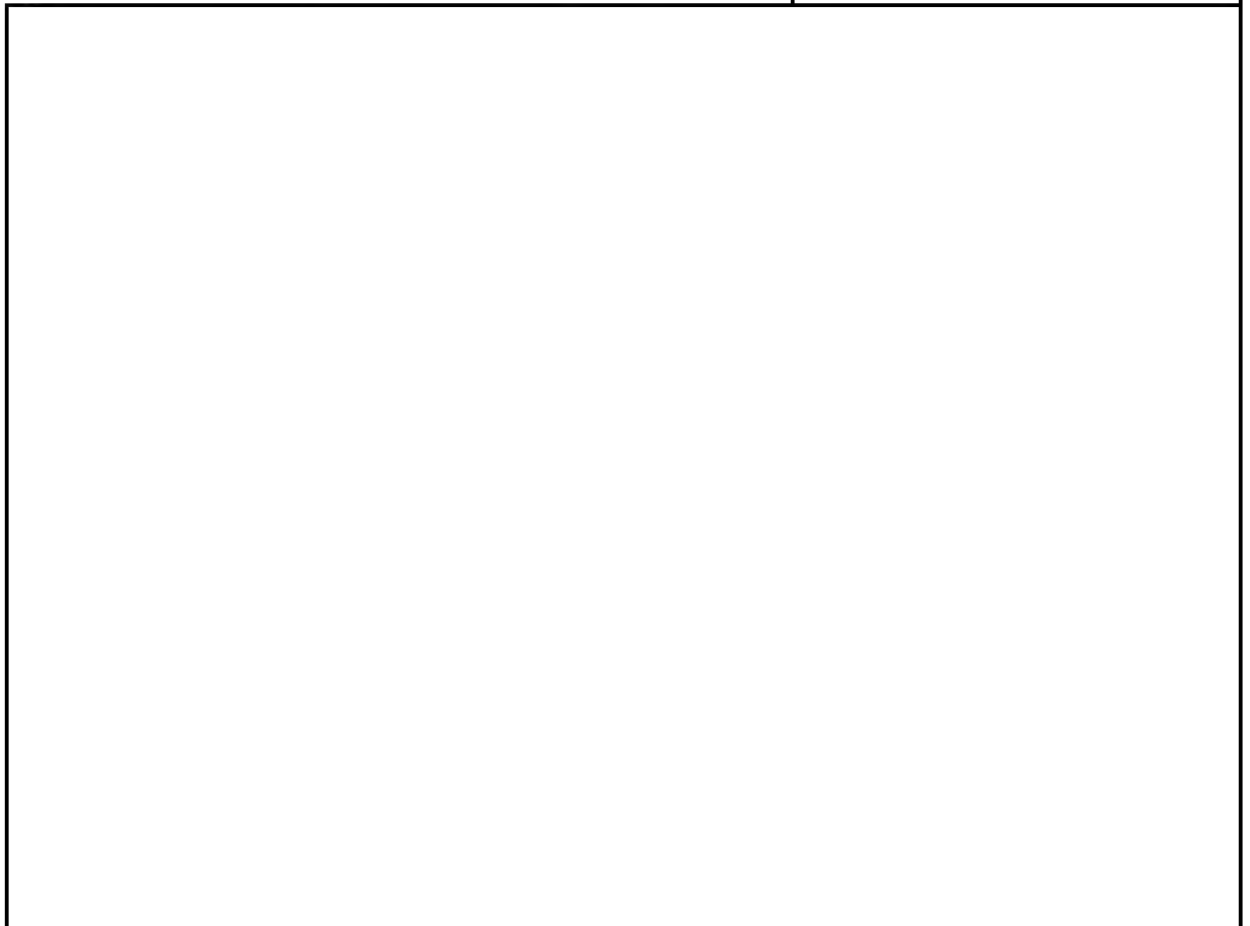
G. INTELLIGENCE PRODUCTION

1. Current Intelligence Analyses

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The procedures and timing of production of the

President's Daily Brief have not been altered,



Because of the increased workload during off hours in processing the new Bulletins for early morning delivery, and because of continuing substantial requirements for overnight publication of memoranda and other special products, it has become necessary to bolster the night editorial staff on a six-day basis.

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In addition to producing its various regularly scheduled finished intelligence reports, OCI continues to prepare a large number of ad hoc memoranda, briefing materials, commentaries, and situation reports. Some of these are self-initiated but many are in response to requests from outside the Agency.

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Within the CIA Operations Center, the task force technique for around-the-clock reporting on crisis situations was used effectively on several occasions in the past year. The Cyprus, Greek, Pueblo, Tet, Czechoslovak, and French crises were handled in this manner.

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G. INTELLIGENCE PRODUCTION

2. National Intelligence Estimates

Sixty-seven National Intelligence Estimates, including National Intelligence Projections for Planning, were completed in FY 1968 compared with 70 the previous year. In addition, the Office of National Estimates (ONE) completed 80 substantive Intelligence Memoranda compared with 65 in the previous year.

The number of estimates produced (67) is nine more than the average yearly number of estimates produced (58) during the 18 years that ONE has been in business. There was continuing contact between members of ONE and various policy-making committees of the U.S. Government, and considerable time was spent in providing assistance and written critiques for them.

An estimate entitled "World Trends and Contingencies Affecting U. S. Interests" was prepared at the specific request of General Robert J. Wood, U.S. Army, chairman of a joint State-Defense study group concerned with future U. S. base needs throughout the world.

In response to the need for timely assessments on developments in Vietnam, a large number of estimates and memoranda were prepared, often under very short deadlines,

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relating to the war, the political situation in Saigon, and the negotiations in Paris. Instability elsewhere in Southeast Asia was covered in papers on Laos, Thailand, Burma, Indonesia, and the Philippines.

Events in Korea, especially the Pueblo incident, necessitated the preparation of several special estimates and memoranda on that country.

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Estimates on Communist China concentrated on the impact of the Cultural Revolution on foreign policy, military readiness, and political and economic institutions. China's military programs, especially those for the development of advanced weapons, continued to receive considerable attention, as did Peking's intentions with respect to the Vietnam conflict.

The heaviest estimative load, however, remained the regularly scheduled major estimates on Soviet military policies and capabilities as well as the National Intelligence Projections for Planning, the largest single project for which ONE has responsibility. Additionally, estimates were completed on the Soviet space program, Soviet anti-satellite capabilities, and the chances of weapons of

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mass destruction being clandestinely introduced into the U. S. This last estimate was done at the request of the Joint Chiefs of Staff. Outside the military-technical field, estimates were prepared on Soviet foreign policy as a whole and Soviet interests and activities in the Middle East.

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G. INTELLIGENCE PRODUCTION

3. National Intelligence Surveys

The NIS activities during the year focused on the requirement that scheduled papers directly support national security planning, and emphasized the effective and efficient employment of the specialized production capabilities of participating agencies.

A long-range production plan was approved by USIB in April 1968. The plan establishes NIS area priorities for the one-volume General Surveys and specifies for each area the supplementary topical coverage required over and above that provided by the General Survey.

A new concept of supplementary sociological coverage has been developed that permits more effective use of resources and consolidates into a single volume the sociological material previously contained in three separate volumes. A supplementary unit on Manpower is being phased out in favor of a somewhat expanded treatment of the subject in the more frequently revised General Survey.

Programmed production of 32 General Surveys for the year included initial coverage on six new areas, increasing to 114 the number of such surveys available. More than one area was sometimes combined into a single unit in the 182 supplementary

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units produced during the year in order to provide expanded coverage. With the publication of the July 1968 NIS Basic Intelligence Factbook, a new high in the extent of world coverage will be reached, as 180 countries and dependencies are now included. The Factbook, produced semiannually, now makes substantial use of automated intelligence data in its periodic updating. About 15% of the surveys published during the year utilized a computerized photo-composing EPIC system (Electronic Printing for Intelligence Composition). In addition, some NIS producers were equipped with automatic typewriters that simultaneously create hard copy and a paper or magnetic tape which is ultimately used in the EPIC system.

To make the product more useful, classification designations are now assigned individually to subsections within each NIS volume.

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G. INTELLIGENCE PRODUCTION

5. Economic Intelligence

The production of economic intelligence in support of policy and action officers of the government was accelerated during the year. The publication of 75 Intelligence Memoranda by the Office of Economic Research (OER) in the first half of calendar year 1968 equalled the number published in 1967. Many were produced in direct response to requests from policy-level officers of the White House, Department of Defense, and Department of State, and all were of direct or indirect interest to such officers. In addition, OER prepared a large number of unpublished memoranda, which were issued only to the requester. As a result, the Office was forced to cut back its production of detailed analytical Intelligence Reports, which are used primarily by intelligence analysts as background material or inputs to other intelligence production.

An Indochina Division was formed to provide more effective management of the increasing volume of support work related to the war in Vietnam. At the end of the year, more than one-fifth of OER's professional production personnel was engaged full time in this work. More than 100 support papers and 38 published Intelligence Memoranda were prepared on Vietnam-

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related subjects at the request of the President, the Secretary of Defense, and other senior officials. Major support included such subjects as assessment of the effects of the air war, infiltration of personnel and supplies into South Vietnam, manpower in North Vietnam, shipping to North Vietnam and Cambodia, use of Cambodia by the Viet Cong and North Vietnamese Army, Soviet and Chinese aid to North Vietnam, and logistic requirements. CIA chaired a major intelligence conference on estimates of enemy strength. Participants included representatives from MACV, CINCPAC, the military services, OSD, and member agencies of USIB. Support was given to the Vietnam conferees in Paris.

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G. INTELLIGENCE PRODUCTION

6. Military and Military-Economic Intelligence

Elements of the Directorate of Intelligence which are responsible for military and military-economic intelligence production were consolidated into a single office--the Office of Strategic Research (OSR)--at the beginning of the fiscal year. The consolidation resulted from a recognition of the need for closer intermeshing of the research and current intelligence reporting activities in this field, which is distinctive from other aspects of the Directorate's work in terms of sources, analytical techniques, and consumer requirements. It provides a single office which other Agency components and other government agencies can look to for military and military-economic intelligence support.

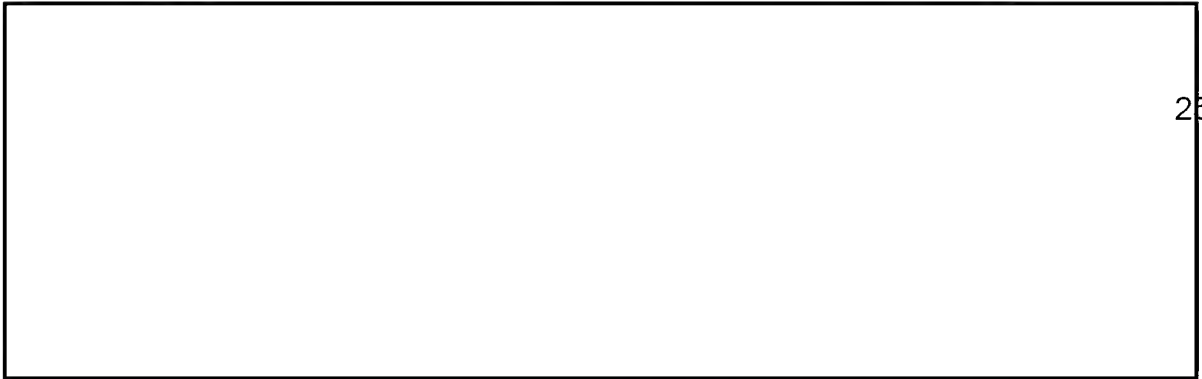
In its first year of operation OSR progressed in several analytical areas which are important to our understanding of foreign military capabilities and how they may develop in the future.

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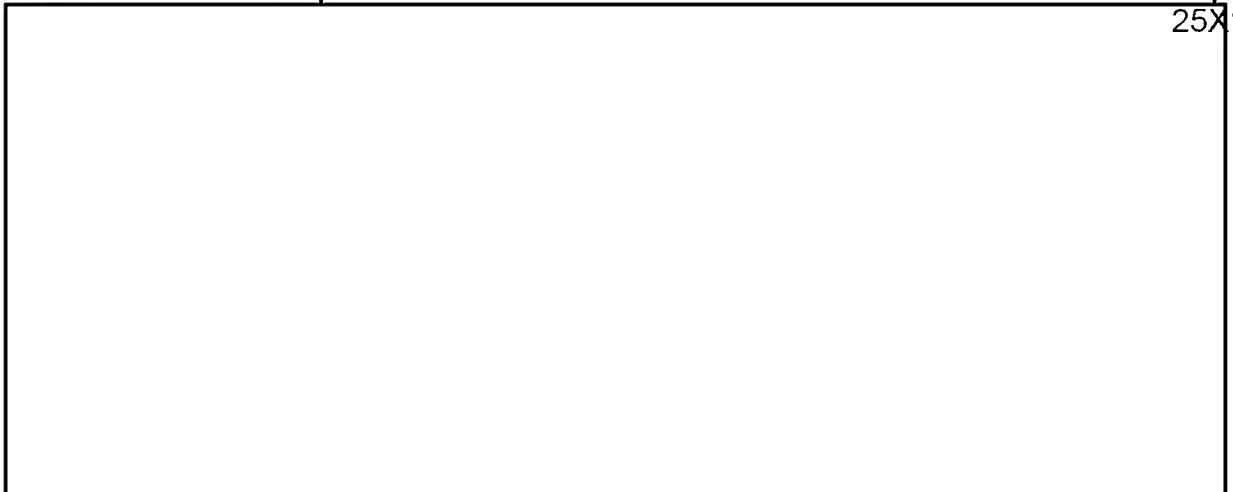
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Communist China continues to be a more difficult subject for military and military-economic analysis than the Soviet Union. China's military programs are more obscure, and evidence on them is harder to obtain.

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A persistent challenge for OSR analysts is the problem of handling the large amounts of diverse data collected on military subjects and synthesizing it to produce meaningful conclusions. OSR has turned increasingly to the computer to assist in this process.

With the assistance of other Agency offices, basic data have been converted to machine form to the extent that personnel resources allowed. The analysis done for the joint

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ground forces study, for example, led to the initiation of a computer-ized file which holds promise for application to many aspects of military intelligence problems.

A second approach has involved the use of computer models to correlate and manipulate data on a given subject as an analytical tool. Several models have been under development for some time and they have recently begun to realize some of their potential.

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The results of OSR research and analysis were expressed in many forms in the course of the year: contributions to national military estimates, formal memoranda and reports, handbooks, direct replies to specific intelligence questions from other agencies of government, briefings, and consultations with senior policy officials.

The Soviet decision in late June to begin discussions with the U.S. on strategic arms limitations resulted in added requirements for OSR services. The Office has supported the Arms Control and Disarmament Agency and other agencies involved in the forthcoming talks by providing up-to-date substantive information and guidance on intelligence aspects of the monitoring problem. It has worked closely with the Office of National Estimates in the production of Estimates related to this question. As proposals and counterproposals unfold during the talks, OSR's support efforts will probably need to expand.

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J. SCIENTIFIC AND TECHNICAL
(ORGANIZATION AND COORDINATION)

As previously reported, a Future Threats branch was created at the end of last year in the Physical Sciences and Engineering Division of OSI. This organization was established to help in obtaining as much lead time as possible in identifying future Soviet military systems and to develop an improved approach to long-range planning of the scientific and technical intelligence collection effort.

During the past year the effort of this branch was concentrated along two main lines of activity. Initially, considerable effort was spent in exploring different approaches to predicting threats and evaluating different forecasting methodologies. The effort now is concentrating primarily on adaptation of a deductive technological forecasting methodology and its supporting computer programs to long-range intelligence forecasting. This effort is being pursued with the assistance of external contractual support

This rather extensive undertaking is interdisciplinary in nature, requiring scientific, technical, economic, strategic, and political analysis and, therefore, ultimately will involve other intelligence production offices.

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M. PROBLEMS AND DEFICIENCIES

2. Intelligence on the War in Vietnam

Among the problems associated with the production of intelligence on Communist capabilities to prosecute the war in South Vietnam are those related to quantitative estimates of enemy strengths and transportation and logistics.

Enemy Strengths. During the past year CIA has made a major effort to reconcile its estimates of enemy strengths with the lower estimates of the U. S. military intelligence agencies. The inability to reach agreement arises from basic conceptual differences, inadequacies in available data, and differences inherent in the use of estimative rather than OB-maintenance techniques. There are deficiencies in the amount and reliability of data on the identification and personnel strengths of enemy units, and most of the information used to estimate enemy strengths--KIA, losses, infiltration, recruitment--is soft and difficult to quantify.

Several steps are being taken to resolve these problems. The collection effort is being restructured and document exploitation intensified. New basic studies of enemy forces are under way at Agency headquarters and in Saigon. CIA and DIA working jointly have formulated new definitions and criteria that are now being negotiated with MACV. On the basis of these

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proposals CIA and DIA are also undertaking joint estimates of enemy force elements and a new attrition study for discussion with MACV and CINCPAC.

VC/NVA Logistics System. Knowledge of the organization and modus operandi of the logistics system is insufficient, and there are sharp disparities and unevenness in road watch coverage of actual logistics movement in Laos. The establishment of a Logistics Branch in the Office of Economic Research sharpened the focus of analytic resources on logistics problems. The recent campaigns in the A Shau valley also provided an abundant take of documents on logistics units, and these are now being exploited. In addition, interrogation of POW's is giving more attention to the problem.

Road watch coverage is being improved in several ways. The entire program has been expanded, and more effort is being made to put teams into previously uncovered areas. Team reports are being given closer scrutiny for consistency. In addition, the establishment of new sensor programs is being intensified to provide data on truck movements.

Truck Kill Data. The validity of truck kill data is a chronic problem, and recent radical changes in the nature of this reporting make the data inconsistent with other intelligence.

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CIA, working closely with DIA, is exploiting this data rigorously to eliminate inconsistencies and duplications. In addition, a statement of the problems is being formulated to serve as a basis for field discussions between CIA and 7th Air Force personnel. Requirements have also been levied on the Clandestine Services to determine the extent to which road watch and agent teams can collect data on truck kills.

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The institution-building effort in South Vietnam continues to suffer from the lack of Vietnamese experience and the hostility of the local government toward nongovernmental institutions. An acceleration in the Revolutionary Development Cadre program appears dependent upon a number of factors: improvement in territorial security, better exploitation of information concerning the Viet Cong infrastructure, increased Vietnam Government understanding of and support for the program, and improved cadre training and direction in the field.

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M. PROBLEMS AND DEFICIENCIES

14. Early Warning of Enemy Attack

The intelligence community is attempting to achieve the best possible capability to maintain continuous surveillance of all elements of Communist power in order to provide advance warning of signs of preparations to attack the continental U.S., U.S. forces or installations abroad, or foreign nations allied with the U.S.

Constant innovations are required in our intelligence collection, transmittal and analytical techniques to keep pace with Communist advances in developing new weapons systems, new security measures, greater mobility, and broader force deployments.

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O. LEGAL

The Office of General Counsel (OGC) continues to provide legal assistance and advice to other Agency elements in a wide variety of situations

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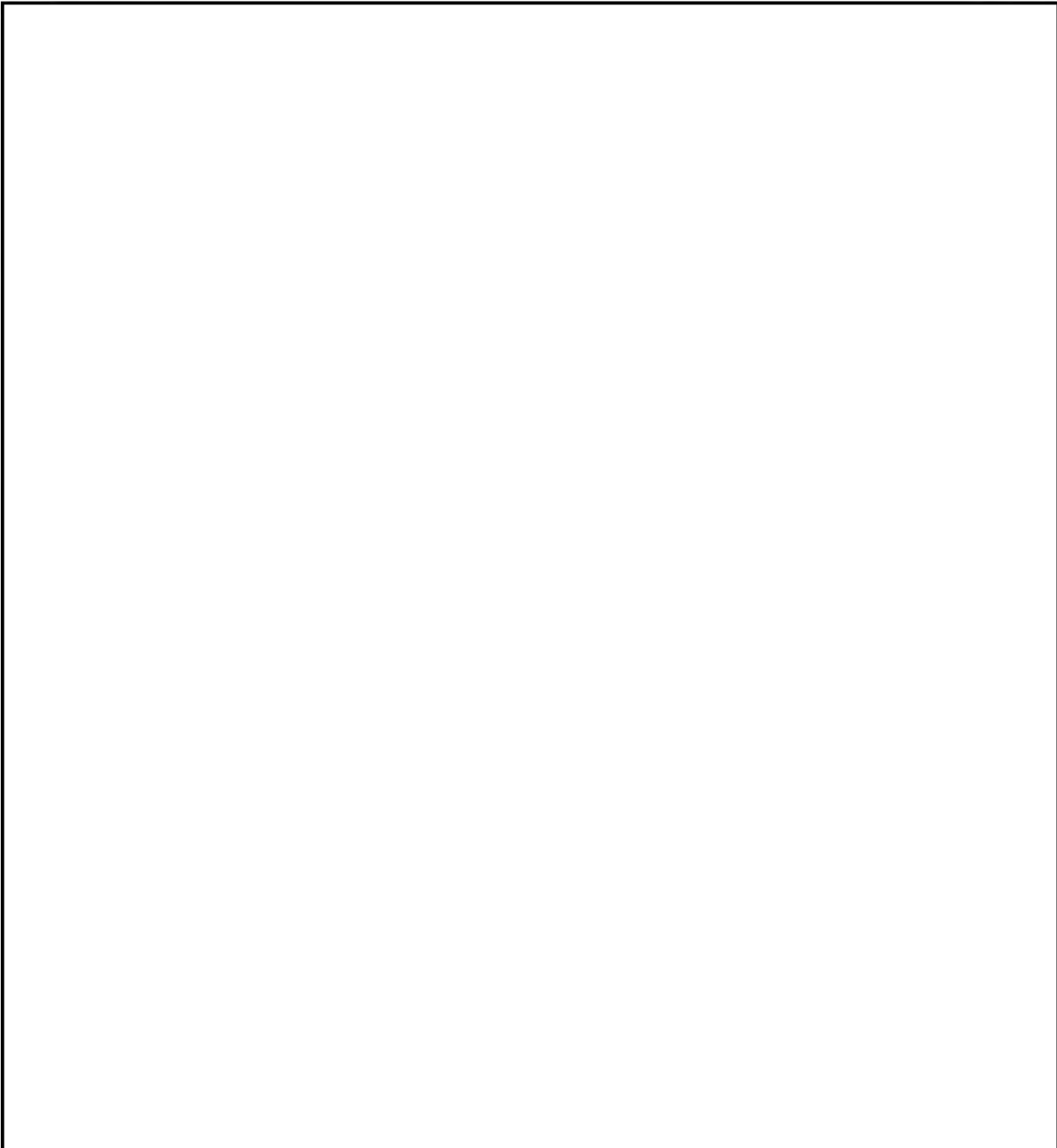
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P. LEGISLATIVE

John M. Maury was appointed Legislative Counsel,
effective 1 May 1968, vice John S. Warner, who was appointed
Deputy General Counsel.



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During the year the Agency provided general intelligence briefings on major current issues to the full Senate Committee on Armed Services and to the CIA Subcommittee of the House Committee on Armed Services. The CIA Subcommittees on Appropriations in both Houses were briefed in depth on intelligence matters and on the Agency budget for FY 69. In addition, intelligence briefings were provided to the following committees and subcommittees at their request:

Senate Committee on Foreign Relations

Senate Committee on Armed Services, Subcommittee
on Preparedness Investigation

House Committee on Appropriations, Subcommittee
on Defense

House Committee on Science and Astronautics,
Subcommittee on Manned Space Flight

House Committee on Armed Services, Subcommittee
on National Defense Posture

House Committee on Armed Services, Subcommittee
on Policy

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